



M&T Bank Corporation Announces Third Quarter Earnings

BUFFALO, NEW YORK -- M&T Bank Corporation ("M&T")(NYSE: MTB) today reported diluted cash earnings per share for the quarter ended September 30, 1999 of \$9.78, an increase of 20% from \$8.17 earned in the third quarter of 1998. Cash net income for the recent quarter rose 18% to \$79.7 million from \$67.7 million in the year-earlier quarter. For the first nine months of 1999, diluted cash earnings per share were \$28.71, up 23% from \$23.37 in the corresponding 1998 period. Cash net income for the first nine months of 1999 rose 26% to \$232.6 million from \$184.6 million in the similar 1998 period. Expressed as an annualized rate of return on average tangible assets, cash net income was 1.54% in the third quarter of 1999, compared with 1.42% in the year-earlier quarter. Cash return on average tangible common equity rose to an annualized 26.43% in the recent quarter from 23.90% in the third quarter of 1998. For the first nine months of 1999, the annualized cash returns on average tangible assets and average tangible common equity were 1.54% and 26.72%, respectively, up from 1.42% and 22.59%, respectively, in the corresponding 1998 period.

Cash earnings exclude the after-tax effect of amortization of goodwill and core deposit intangible and expenses associated with merging acquired operations into M&T. The impact of merger-related expenses was \$1.3 million (\$2.2 million pre-tax) and \$3.0 million (\$4.7 million pre-tax) during the third quarter and first nine months of 1999, respectively, or approximately \$.15 and \$.37 per diluted share, respectively. Such expenses relate to the acquisitions of FNB Rochester Corp. on June 1, 1999 and 29 branch offices from The Chase Manhattan Bank on September 24, 1999.

Merger-related expenses in 1998 were related to M&T's acquisition of ONBANCORP, Inc. on April 1, 1998 and totaled \$1.8 million (\$3.0 million pre-tax), or \$.21 per diluted share, during the third quarter and \$14.0 million (\$21.3 million pre-tax), or \$1.77 per diluted share, during the first nine months.

Taxable-equivalent net interest income was \$195.1 million in the third quarter of 1999, compared with \$177.1 million in the year-earlier quarter. Average loans outstanding increased 10% to \$16.7 billion in the recent quarter from \$15.1 billion in the similar 1998 period. Net interest margin, or taxable-equivalent net interest income expressed as an annualized percentage of average earning assets, rose to 4.03% in the third quarter of this year from 3.93% in the comparable quarter of 1998.

The provision for possible credit losses was \$13.5 million in the recent quarter, up from \$10.5 million a year earlier. Net charge-offs were \$12.9 million in the third quarter of 1999, compared with \$11.8 million in the third quarter of 1998. Expressed as an annualized percentage of average loans outstanding, net charge-offs were .31% in both the recent quarter and the third quarter of 1998. For the first nine months of 1999, annualized net charge-offs decreased to .23% of average loans from .28% in the corresponding 1998 period. As of September 30, 1999 the allowance for possible credit losses was \$315.0 million or 1.85% of total loans, compared with \$309.5 million or 2.04% of total loans a year earlier. Nonperforming loans were \$116.3 million at September 30, 1999, or .68% of total loans, compared with \$119.2 million or .79% a year earlier. The ratio of the allowance for possible credit losses to nonperforming loans was 271% and 260% at September 30, 1999 and 1998, respectively. Assets taken in settlement of defaulted loans were \$10.2 million and \$11.1 million at September 30, 1999 and 1998, respectively.

Other income in the recent quarter was \$72.5 million, up 13% from \$64.0 million in the third quarter of 1998. Excluding the merger-related expenses noted earlier and amortization of goodwill and core deposit intangible, other expense was \$130.2 million in the recent quarter, an increase of 4% from \$124.6 million in the corresponding 1998 period. Calculated using the adjusted expense totals noted above and excluding gains from sales of bank investment securities from noninterest income, the efficiency ratio, or noninterest expense divided by the sum of taxable-equivalent net interest income and noninterest income, improved to 48.91% in the third quarter of 1999 from 51.78% a year earlier.

Diluted earnings per share measured in accordance with generally accepted accounting principles, which includes the effect of merger-related expenses and amortization of goodwill and core deposit intangible, for the quarter ended September 30, 1999 were \$8.29, up 22% from \$6.81 in the year-earlier quarter. On the same basis, net income for the recent quarter rose 20% to \$67.6 million from \$56.5 million in the third quarter of 1998. For the first nine months of 1999 and 1998, diluted earnings per share were \$24.63 and \$19.01, respectively, and net income was \$199.5 million and \$150.1 million, respectively. Net income for 1999's third quarter expressed as an annualized rate of return on average assets and average common stockholders' equity was 1.27% and 14.97%, respectively. The comparable rates for the year-earlier quarter were 1.15% and 13.48%. During the first nine months of 1999, the annualized rates of return on average assets and average common stockholders' equity were 1.29% and 15.56%, respectively, compared with 1.13% and 13.73%, respectively, in the similar period of 1998.

At September 30, 1999, M&T had total assets of \$21.8 billion, up from \$19.5 billion a year earlier. Loans and leases, net of unearned discount, increased 12% to \$17.0 billion from \$15.2 billion at September 30, 1998. Deposits were \$15.4 billion at the recent quarter-end, up from \$14.4 billion at September 30, 1998. Total stockholders' equity rose 10% to \$1.8 billion at

September 30, 1999 from \$1.6 billion a year earlier. Common stockholders' equity per share was \$230.51 at September 30, 1999, compared with \$209.03 at September 30, 1998. Tangible equity per common share was \$149.37 and \$141.43 at September 30, 1999 and 1998, respectively.

In February 1999, M&T announced a plan to repurchase up to 134,342 shares of its common stock for reissuance upon the possible future exercise of outstanding stock options. As of September 30, 1999, M&T had repurchased 10,000 common shares pursuant to such plan at an average cost of \$545.50 per share.